



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
HISTORICAL PRESERVATION & HERITAGE COMMISSION

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HISTORIC PRESERVATION INVESTMENT TAX CREDIT

Requirements for Certification of Costs by a Certified Public Accountant

RIGL 44-33.2 requires:

"a certification as to the amount of tax credit for which the rehabilitation qualifies. The commission shall be entitled to rely on the facts represented in the application without independent investigation and, with respect to the amount of tax credit for which the rehabilitation qualifies, upon the certification of a certified public accountant licensed in the state of Rhode Island."

The implementing regulations adopted by RIHPHC define "Accountant's Certification" as:

"the certification of a certified public accountant licensed in the State of Rhode Island containing the information required in the Application for a Certificate of Completed Work. The Accountant's Certification includes but is not limited to certification of the Adjusted Basis at the beginning of the Rehabilitation, Rehabilitation costs properly capitalized to the building, and project costs incurred but not eligible for the Historic Preservation Investment Tax Credit such as costs for new construction and other costs not chargeable to capital account."

The Rhode Island Division of Taxation's position is that the certification by a CPA requires the CPA to form an opinion regarding the accuracy of the required information. The Rhode Island Division of Taxation recognizes that there has been some confusion in the past regarding the certification requirements, and that some CPA certifications have used "agreed upon procedures" reports.

Beginning April 1, 2005, a CPA cost certification for this program requires the CPA to form an opinion regarding the accuracy of the required information.

Typically the cost certification

1. Includes a Schedule of Development Costs (separating costs eligible for tax credit from costs not eligible for tax credit) and Calculation of Historic Tax Credit Basis based on documentation from the project.

2. Verification of the existence of development costs by examination of invoices, canceled checks, settlement sheets, and related documents.
3. Review of the respective development costs to determine whether the costs were eligible to be included in historic tax credit basis in accordance with RIGL 44-33.2.
4. Calculation of the Substantial Rehabilitation Test in accordance with RIGL 44-33.2-2(8).
5. Computation of tax credits to be realized by the project based upon the determination of historic tax credit basis.

Yours very truly,

Edward F. Sanderson, Executive Director  
Deputy State Historic Preservation Officer